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THEORIES OF MONEY IN POLITICS:
The 2002 Missouri Senate Race

John J. Nielsen

ABSTRACT
The 2002 Missouri Senate race, in which challenger James Talent (R) defeated incumbent Jean Carnahan (D), is used as a case study to determine the strength of various theories relating to money in politics. A brief history is offered on the race itself as well as the 2000 election that necessitated it. In examining the theoretical and actual roles of war chests and candidates, parties, and interest-group spending, it seems that money was not the deciding factor in this race. No one bought the election because it could not be bought, although presidential popularity possibly gave the marginal edge to Talent. This study concludes with counterfactuals to test the effect of three different campaign finance regimes—public financing, an open system, and BCRA (2002)—and finds that the election would not have turned out differently under any of them. Therefore, campaign finance reform in this case would constitute unnecessary and unconstitutional restrictions on speech without providing the desired benefits of greater competitiveness and democratic responsiveness.

To say that money is the lifeblood of politics is not to say that money overrides all other considerations at all times and under all circumstances, but rather to make the point that politics as we know it would be impossible without it—lots of it. The role of money in politics in general is as controversial as it is vital, and elections, as no other aspect of the political process, make this abundantly clear. Money in elections is controversial because if the candidate who has the most money wins at the polls—and he or she usually does—then the very essence of democracy seems to be threatened. However, money in elections is vital because, in addition to organization of every other imaginable logistical category involved in running a campaign that has any chance of winning, staffs must be hired, fundraisers organized, fliers and mailers printed and sent out, television ads produced and time purchased, personal appearances organized, and travel coordinated. The concern over campaign finance has developed into an intense political and scholarly debate that is not
likely to be resolved any time soon; however, even though there may be a certain amount of aporia involved, it is nonetheless crucial to examine the evidence, theories, and practical application of the campaign finance reform debate in order to craft an electoral system that will provide the broadest freedom of participation possible, while making sure that there is a level playing field.

In this essay, I will test competing theories from campaign finance literature using the 2002 Missouri Senate race as a case study. The literature heavily emphasizes competitive races because they attract the most money (Mann and Corrado 2002; Goodliffe and Magleby 2001). This race was extremely competitive throughout, providing an excellent case study for theory testing. Focusing on one race is advantageous because it can provide a deep understanding of the forces at work in a single case, but it is also problematic because particular circumstances reduce the likelihood that the results can be extrapolated to other races. Senate races in general differ from House races in that they are broader in scope, they are much more competitive, and the candidates are better known and better funded. This particular senate race differs from most others in that the incumbent was appointed rather than elected. Nevertheless, a study of this sort can provide interesting insights into the workings of a state's politics and the possible effects of further campaign finance reform.

I will begin with a brief description of the 2000 Missouri Senate race, whose special circumstances made the 2002 race necessary, and briefly trace the candidates' political background and experience. Then, in examining the race itself, I will follow the campaigns of incumbent Jean Carnahan (D) and challenger James Talent (R) from before the primaries up through Talent’s narrow victory on election night, examining the effect of money at each stage of the process. My findings indicate that money was not the determining factor in the 2002 Missouri Senate race. Spending on each side essentially cancelled out spending on the other side and did not significantly affect candidate entry, expected vote share, or actual votes. Thus, to the extent that other Senate races are similar to the 2002 Missouri race, campaign finance reform would unnecessarily hinder political speech without significantly affecting the outcome. For those who would doubt the general applicability of these findings, this essay provides clear evidence that campaign finance reform can have detrimental, though unintended, effects on political speech without accomplishing the intended goals of increased competition and accountability.

The 2000 Election

The 2000 Missouri Senate race promised to be one of the most hotly contested races in the nation. Governor Mel Carnahan (D) was finishing his second term as governor and challenging former governor and then-freshman Senator John Ashcroft (R). Just three weeks before Election Day, Governor Mel Carnahan, his son Randy, and an aide were killed in a plane crash. Politics and campaigning stopped for a couple of days as the acting governor, Roger Wilson, decided what to do. Because Missouri law did not allow Carnahan’s name to be removed from the ballot, Wilson announced that he would appoint the governor's wife, Jean Carnahan, to fill the seat for two years if the late governor won (appointing the spouse of a deceased senator is common practice among governors).
Republicans were furious, but Senator Ashcroft assented, Mrs. Carnahan agreed, and the campaign went forward. The race remained close to the end—a *Kansas City Star* poll commissioned two weeks before the election had the candidates deadlocked at 46 percent apiece (CBS News 2002)—but the late governor Carnahan won with 50 percent of the vote to Ashcroft’s 48 percent. Ashcroft refused to contest the results despite significant pressure from the Republican Party on the grounds that late poll numbers from St. Louis should have been excluded from the count and that Jean Carnahan should have been a write-in candidate instead of an appointee (Bellamy 2002). Insisting that the people had spoken, Ashcroft conceded to the results of the election on November 8 and Jean Carnahan was appointed by Acting-Governor Wilson to fill the Senate seat for two years (*Jefferson City News Tribune* 2002).

**Carnahan and Talent—Background and Political Experience**

Mel Carnahan had been a fixture in Missouri politics for a long time, a well-known and respected Democrat who, in addition to being the former lieutenant governor and governor, had served as state treasurer, a member of the state House of Representatives, and a municipal judge after practicing law for a few years. Jean Carnahan, however, was an inexperienced appointed state senator, and appointed senators do not fare very well in reelection bids—according to James King (1999), their success rate is a mere 38.3 percent (434).

The fact that Jean Carnahan would be facing a high-quality Republican would not help her cause either. Her opponent, Jim Talent, had an extensive background in the law, campaigns, and elected office. He had served as minority leader in the state House of Representatives, had been a member and assistant majority leader of Congress for eight years (1992–2000), and had narrowly lost (by 22,000 votes) a bid for the governorship to Bob Holden in 2000. He had been the candidate of choice for Republicans after John Ashcroft had been appointed and confirmed U.S. attorney general in January 2001 and had formally declared his intention to run in October of that year.

With this basic understanding of the race and the candidates involved, we can now enter into a discussion of the role of money during the campaign, examining whether money was able to keep challengers from entering the race by looking at the money primary, the party primaries, the role of the political parties, and the effects of war chests.

**Did Money Keep Out Challengers?**

**The Money Primary**

*Theory.* Winning the money primary, the race for dollars in the months leading up to the party primaries, is often crucial to winning elections. According to a study of presidential elections conducted by Adkins and Dowdle (2002), the winner of the money primary tends to win the party primary overwhelmingly, and because the primary season is “front-loaded,” or weighted towards the first quarter of the year, this early money becomes even more important. Adkins and Dowdle cite four important advantages of early money: it allows candidates to more easily hire skilled personnel and set up campaign organizations;
it affects media coverage, as news outlets often determine the level of coverage given to a candidate by how much money that candidate has; it is an early sign of support, which helps with future fund-raising; and it allows the candidates to deal with unexpected setbacks (258). Therefore, the more early money a candidate raises, the greater his or her chances of success become. The most significant factors determining who gets this early money are strong poll performance and a large commitment of monies to fund-raising (273). Even though this particular study dealt with presidential primary races, it might prove useful in understanding the 2002 Missouri Senate race; if Adkins and Dowdle are right, then Carnahan and Talent won the money primary and probably had strong poll numbers and a significant amount of money committed to fund-raising.

**Evidence.** Both candidates won the money primary and had strong support in public polls, though it is unclear just how much they committed to fund-raising. In the months leading up to the party primaries, Carnahan and Talent raised a great deal of money. As of December 31, 2001, Carnahan had already raised $2.2 million and had reached $3.47 million by primary season, the summer of 2002 (Quaid 2002b). Talent had raised $2.12 million by the same time (Quaid 2002b). In accordance with Adkins and Dowdle's results, both candidates had excellent performance in statewide polls, and Carnahan's greater success at this stage could be attributable to a greater organizational investment in fund-raising. Because it was clear early on to both voters and political parties in Missouri that Carnahan and Talent would be their respective party's candidate, they attracted almost all the money and were both incredibly successful not only compared to their in-party opponents (whose combined fund-raising totaled $29,198) but also to senate candidates across the nation (politicalmoneyline.com 2002). This confirms the assertion that those who win the money primary tend to win the nomination of their party. But, was it the money per se that scared off the competition? The answer requires an investigation of the primary itself and those who planned to run.

**The Party Primaries**

Though there were a number of quality Democratic candidates who could have entered the Missouri Senate race in 2002, none showed any interest, at least publicly, in running. This is to be expected, given that incumbents rarely face opposition for reelection from within their own party. Aside from the incumbent Carnahan, possible contenders included Governor Bob Holden; Lieutenant Governor Joe Maxwell; state Attorney General (and former senate challenger) Jeremiah (Jay) Nixon; state senate minority leader Ken Jacob; and state house minority leader Mark Abel. Governor Holden, as previously discussed, had been in office only since 2000 and did not show any interest in running, especially against Talent, whom he had so narrowly defeated. The lieutenant governor never expressed interest, at least not publicly, and probably would not want to leave office after only two years to challenge an incumbent senator. Jacob and Abel never showed interest. Only Jay Nixon decided to enter the primary, but did not raise any money, showing that he was not serious about winning. Other candidates included Darrell Day, a man with no electoral experience who was in jail for violation of probation at the time of the vote, and Alan
Wheat, another man with no experience in politics who raised no money during the entire election cycle. Carnahan won the Democratic primary handily against such token opposition with 81 percent of the vote.

In the Republican primary, Talent’s opposition was as weak as Carnahan’s. On the Republican side, besides Jim Talent, quality potential candidates included other U.S. representatives from Missouri; 1996 gubernatorial candidate State Auditor Margaret Kelly; state senate majority leader Michael Gibbons; and state house speaker Catherine Hanaway. Aside from Talent, two other U.S. representatives, Jo Ann Emerson and Kenny Hulshof, showed interest early, but they quickly dropped off the radar because of a lack of support. Republican party members, leaders, and contributors began to solidly back Talent by mid-2001, shortly before he announced his candidacy (Quaid 2001). Actual primary candidates included Joseph May, former president of a local dental association; Martin “Mad Dog” Lindstedt, a former libertarian and militiaman whose only campaign experience was a losing bid for Newton County sheriff in 1996; and Scott Craig Babbit, a write-in candidate who took time off from running a website dedicated to conspiracy theories (www.thefinaldays.com) to try for the Republican nomination. Talent swept the field with 91 percent of the primary vote.

It is not intuitive to imagine anyone wanting to go up against candidates with as much financial backing as Carnahan and Talent had; however, the reasons for the lack of quality challengers go beyond money. Recent Missouri Senate races had a legacy of lackluster candidates. Going back to 1992, unsuccessful challengers from both parties in the primaries included Marc Perket (R), who bragged that if he lost the primary, “I have gotten my 200 bucks worth of entertainment out of it” (Quaid 2000); James Askew (D), a truck driver who seemed to enjoy just declaring candidacy in the primaries; Ronald Wagganer (D), a teamster with no party backing; and Doris Bass Landfather (R), a self-proclaimed student of national politics with no political experience of her own. These challengers were not just a few nuisance candidates—they were the only candidates from the major parties that ran and did not go on to win the nomination. In this case, Carnahan’s and Talent’s monies that accumulated up to the party primaries were not even sufficient to deter nuisance challengers (Goodliffe 2002, 12), let alone quality challengers.

Party Strength, Not Money, Was Responsible for the Lack of Quality Challengers

Given the candidates in Missouri Senate races in the last decade, it appears that party politics in Missouri is very strong and is responsible for the lack of quality opposition in primary races. It seems that it is not the money that deters challengers, but it is the party that both keeps challengers away and brings in the money for its chosen candidate. This assumption would confirm the suspicion of Jo Mannies, political correspondent with the St. Louis Post-Dispatch, that both parties were solidly behind their chosen candidate, which support had a deterrent effect (2003). It is possible that decisions were made even before Carnahan and Talent formally announced their candidacies, perhaps in order to prevent infighting and to concentrate scarce resources for what all predicted would be a very close,
hard-fought race. It could also be the case that Carnahan and Talent were such high-quality candidates that quality challengers refused to run against them. In any case, it does not seem to have been money that determined the candidates.

**War Chests in the General Election**

*Theory.* Though both Talent and Carnahan had large amounts of money going into the general election—they had accumulated large "war chests"—in the general election, Carnahan's war chest would play the most important role; as the incumbent, she would have the greatest chance of any Democrat of getting enough money to deter quality challengers from the Republican Party. Some scholars would confirm that incumbent war chests are indeed important signaling devices that deter challengers and stifle competition, but others see war chests merely as leftover funds from a previous campaign. Hersch and McDougall (1994) are of the former persuasion, holding that large war chests are sufficient to deter quality challengers from entering races. These "unencumbered funds" deter by serving as a sign to potential challengers that the incumbent is willing and able to engage in a "formidable campaign" (630). The authors propose three mechanisms for this effect: the money itself, the money as a signal of future fund-raising power, and the money as a signal of nonobservable attributes of the incumbent (i.e., tenacity, charisma) (633). According to this theory, given the advantages of incumbency (franking privilege, greater fund-raising capability, greater visibility, and so on), quality challengers are unlikely to enter unless they believe that they have a good chance of winning because they do not want to squander their hard-earned political capital. The data of Hersch and McDougall suggests that variables such as party strength, lagged (previous election) vote, and tenure all surpass war chests in substantive significance, but leave room for the assertion that experienced challengers are deterred by war chests and the signals they send (640).

Goodliffe (2001) takes a very different view. (See also Ansolabehere and Snyder 2000a.) Rather than endowing war chests with great symbolic importance and understanding them as strategic funds accumulated in anticipation (or prevention) of a tough campaign, he asserts that they are simply the funds left over after an election (2001, 833; 2002, 1). The effect of war chests disappears when previous (or lagged) vote share is taken into account along with the quality of the previous challenger (measured in terms of political experience in elective office). In other words, just as we would expect, politicians defeating a weak challenger by a large vote margin have a lot of money left at the end of a campaign simply because they did not have to spend it to win.

*Evidence.* Carnahan's incredible fund-raising success is documented above, but in order to examine the possible deterrent effect of war chests on Republican challengers, it is necessary to go further back to the beginning of her term in 2000, when Republicans began making their decisions on running against her in 2002. In her first six months in office, she raised $1.7 million (Quaid 2002a); even this unusually large amount was not enough to dissuade Jim Talent, a high-quality challenger, from entering and eventually winning the race. Indeed, Carnahan might have engaged in so serious fund-raising in an attempt to scare off the competition, but it did not work.
This conclusion is difficult to accept because it both seems counterintuitive and goes against anecdotal evidence. First, Jonathan Salant (1996) offers a number of examples of candidates who explicitly state that they did not enter a race because of the incumbent's war chest. Also, Milyo and Groseclose (1999) quote Mitt Romney, a multimillionaire, as saying that he did not want to go up against the kind of money his opponent had saved up. It seems that war chests are not so much a deterrent as a convenient excuse—why would an experienced politician or a multimillionaire be frightened off by some money their opponents had saved up? Despite this anecdotal evidence to the contrary, war chests do not exert a systemic deterrent effect on entry of either high-quality or low-quality challengers (Goodliffe 2001, 838). However, the fact that money did not keep anyone out of the race does not preclude the possibility that Talent bought his victory. In order to determine what effect Talent's spending had in the general election, it is necessary to examine his campaign.

Did Talent Buy the Election?

Theory. The suspicion that Talent won the Missouri Senate election because of his money reflects one of reformers' greatest concerns, that candidates can "buy" a campaign. As evidence that campaigns are for sale to the highest bidder, reformers cite the 2000 New Jersey Senate race, in which Democrat John Corzine spent over $60 million of his own money on the way to victory. Assuming that Corzine did not win because of political skill or other personal characteristics, reformers see the troubling prospect that elective office, at least in some cases, may go not to the most qualified candidate, but to the candidate with the most money (Jacobson 1990; Gerber 1998; Damore 1997). This theory becomes more complicated when spending effects are taken into account. In the case of John Corzine, the election might not necessarily have gone to the highest bidder, but it went to the most effective spender. Spending in and of itself may be insufficient as a means of gaining victory because the returns on that spending in terms of votes might be different for incumbents and challengers.

In studying house elections, Jacobson (1990) finds that spending effects are indeed different for incumbents and challengers. Does this apply to the Senate? Although there are some fundamental differences between house and senate races (such as that in senate races the challengers are more well known and the races are generally more competitive), Jacobson’s findings might well apply to Carnahan and Talent. Jacobson uses 1986 ABC News polling data to track the expected vote and detect change during two distinct “waves” of political advertising. Keeping partisanship, support for then-President Reagan, and economic expectations constant, he finds that there is statistical evidence for the claim that incumbent spending does not go as far, dollar for dollar, as challenger spending (345). Because challengers are not as well known, they get more for the marginal dollar (355); therefore, spending limits would harm competition in congressional races.

Two different studies criticize Jacobson’s research and make the case for spending limits. First, Erikson and Palfrey (2000) hold that spending effects, especially in close elections, are
equal for incumbents and challengers. They fault Jacobson for not correcting for endogeneity (simultaneity bias) in running Ordinary Least Squares (OLS) regressions that compare the spending effectiveness of incumbents and challengers and they propose to correct for it themselves by focusing solely on close elections. To do so in their study, they use game theory, which says that our choices and the choices of others have an effect on each other. Using game theory, they examine the variables endogenous to (accounted for in) Jacobsen's study—district characteristics, short-term forces, candidate characteristics, campaign spending, and chance—and the exogenous (unaccounted for) variables of lagged incumbent vote, district vote for incumbent party, year, and southern states. Looking at these endogenous and exogenous variables, Erikson and Palfrey determine that safe seats cost the least and that total spending is "continuously increasing in the expected closeness of the race" (605). In close races, the marginal value of money is basically equal, and because incumbents have more money to spend, they have an unfair advantage in the races that are most important. Because Jacobson included all races, the high number of safe seats skewed the results and did not reflect this unfair advantage. Spending limits, therefore, would favor challengers by giving them a greater chance of winning and would also increase electoral competition, which would improve the quality of elected officials.

Second, Gerber (1998) puts forth the same critique of Jacobsen, but proposes a different solution to arrive at the same conclusion as Erikson and Palfrey. He presents his work as a departure from previous studies on the effect of spending by incumbents and challengers. The conventional view, supported by OLS regressions, is that challenger spending is much more effective than incumbent spending. Gerber corrects for endogeneity bias of candidate spending inherent in OLS regressions by running a Two Stage Least Squares (TSLS) regression. The dependent variables are challenger spending and incumbent spending. Independent variables include measures of challenger quality (previous elective office); dummy variables to control for scandal, health, and so forth; a number related to party; and three additional original variables (1998, 401). Gerber's biggest contribution is the inclusion of three instrumental variables: challenger wealth, state population, and lagged (previous election) spending. When all are included in a TSLS analysis, the gap between spending effectiveness of incumbent and challenger disappears.

In a study unconnected with the three just discussed, Leavitt (1994) offers an entirely different explanation: spending effects are equal for challengers and incumbents because spending does not make any difference at all. According to his study, previous studies had not adequately controlled for candidate quality. This oversight introduces a bias into spending analyses: having certain personal characteristics and spending a lot of money won high-quality challengers a large share of the vote. To control for candidate quality, Leavitt examines rematch races in the House, which would make them more similar to Senate races by involving well-known candidates that presumably would not have as much to gain from increased spending as obscure candidates would. He finds that spending has "an extremely small impact, regardless of who does [it]" (777). If spending does not increase candidates' chances of winning, why then do politicians spend so much money on campaigns? Leavitt believes that either the politicians are acting on faulty assumptions or the
marginal cost of fund-raising is low (796). In essence, the candidates are either bidding on the electoral equivalent of oceanfront property in New Mexico or spending money because it comes, and goes, relatively easily.

Evidence. The data from Carnahan's and Talent's campaigns supports the assertion that money had no effect on the outcome of the election. Figures 1 and 2 track polling results (or expected vote) and candidate spending and compare the effect of spending on the results.

Figure 1 comes directly from Kropf et al. (2003, 11) and Figure 2 is made from FEC numbers.

As Figure 1 shows, the race was too close to call, even from the earliest stages of the campaign. Neither Carnahan nor Talent had a lead outside the margin of error in the available polls. It seems that voters had made up their minds early on in the race.

Figure 1 Missouri Polls Taken during 2003

This graph represents an author compilation of the different polls taken during the course of the campaign including those by American Viewpoint, Garin-Hart-Yang, Research 2000 and the Kansas City Star.

Figure 2 Candidate Spending in the 2002 Missouri Senate Race

Note: "Election Cycle" in Figure 2 is measured in days beginning in February and ending in November. The months for the five data points are April, July, late July, October, and November, respectively.
Figure 2 shows that candidate spending (tracked from April to November) through July was basically equal and had no effect on poll standing in Figure 1. Although spending changed drastically during the October quarter when Carnahan more than doubled Talent’s spending, and equalized again in the weeks leading up to the general election, the candidates’ standings did not experience a proportional change. Even though huge amounts were spent on both sides, and relatively more by the incumbent, candidate spending did not significantly affect expected or actual vote. Because Talent won even while spending significantly less money, it appears that Jacobsen’s theory is confirmed: challenger spending is more effective than incumbent spending.

In this 2002 election, the recent past could account for the futility of Carnahan’s spending; Jim Talent was not a typical challenger. In 2000, Jim Talent lost the Missouri governorship to Bob Holden by only 22,000 votes; he had run and barely lost a statewide campaign only a couple of years before. Voters were already familiar with his policy views, his face, image, and so forth, perhaps even as much as they were with Jean Carnahan’s. The gubernatorial race brought Talent to the attention of the entire state (not just his congressional district) in such a way as to eliminate the already-mitigated obscurity of a challenger in a senate race. Perhaps spending canceled out or reached a saturation point at which neither candidate could get more votes with their marginal dollar; indeed, according to Political Money Line, Carnahan actually out-raised (she raised $12,316,325 to Talent’s $9,431,603) and out-spent ($12,293,579 to $8,777,033) Talent by millions of dollars. This could be in line with Leavitt’s assertion that spending has no effect on electoral outcomes; in fact, the 2002 Missouri Senate race was very similar to the rematches Leavitt examines because both candidates were very well known and neither candidate’s spending seemed to have any effect. Therefore, Talent did not buy the election because it could not be bought by a candidate. It is also plausible that spending by both candidates simply suffered from diminishing marginal returns, which Jacobson suggests is not the case with lesser-known candidates (1990, 355).

But what if the bidders in the electoral auction are not just the candidates? What if their political parties are bidders as well? Some reformers believe that it is possible for political party spending, the subject of our next inquiry, to make the crucial difference.

Did the Republican Party Buy the Election?

Background. Another of campaign finance reformers’ largest concerns centers around what is commonly called “soft money,” or money that is not subject to contribution limits because it is donated to the party as a whole rather than to individual candidates. For reformers, soft money represents an illegal and corrupting influence on the campaign process; for others, it represents greater participation in the political process and the strengthening of both political parties and federalism, which encourages responsive government. Following an FEC decision in 1978 relating to Republican Party expenditures in Kansas, soft money has grown both in the amount spent and areas of expenditure, with parties using millions each election cycle for everything from “building funds” to “coordinated expenditures,” always in the name of party building (Corrado 1997, 168). Soft
money expenditures also free up hard money funds, making them available for express advocacy and close races. For example, a party can spend soft money on building fees and other overhead expenses, allowing them to spend more hard money on the campaigns themselves.

La Raja (2001) seeks to discredit the idea that soft money is by nature a corrupting influence. Though he concedes that parties violate the spirit, and possibly the letter, of the law in their soft money raising and spending, he asserts that parties are stronger as a result, which strength seems to be a good thing. Using FEC numbers (1992–1998) and comparing the major parties, he explores the sources and uses of soft money over time and finds that the amount of soft money in campaigns has risen dramatically in the 1990s, with individuals contributing the most (for both parties), followed by business (with a slight edge to Republicans). Labor unions give Democrats nonfinancial benefits, which aid in mobilization efforts. Both parties are about equal in terms of soft money, so neither really wants to reform the system. Though reformers dislike the ways national and state parties have worked the system to their advantage in order to have unlimited fund-raising and expenditures, they also recognize that soft money has strengthened political parties in positive ways. La Raja concludes with a recommendation that soft money be limited, but that parties have some access to other funds for party building and citizen participation (2001, 106). The normative aspects of soft money will be addressed later in this essay. At this point, I will examine two differing views on soft money influence and see how they apply in the Missouri race.

Theory. Magleby and Smith (2002) focus on the 2000 elections to understand the role of soft money in today’s campaigns. Using FEC numbers and some estimates from scholarly journals, they prove that soft money can strengthen political parties to a small degree; this strengthening is a good thing to the extent that the money is spent on party-building activities (registration, Get Out the Vote (GOTV) drives, communication, and so forth) as opposed to mere federal campaigns. They point out three advantages that soft money has over hard money: it can be more easily raised and in unlimited amounts, it is easily transferable, and it frees up hard money for more direct campaigning (34–36). From their examination of soft money use, they conclude that soft money is primarily spent on a combination of “air war” (television and radio) and “ground war” (mailing, telephone call) efforts rather than party building. Because such “electioneering” efforts (campaigning that is ostensibly issue-oriented but actually directed for or against a candidate) do not significantly strengthen parties, soft money should be regulated (45–46).

Ansolabehere and Snyder (2000b) focus on the consequences of banning soft money. They also extol the virtues of strong political parties but conclude that money is a major factor contributing to their strength. Both articles point out that soft money makes up only 12 percent of total campaign financing; therefore, banning it would not have a devastating effect on national party politics. Neither would banning soft money drastically affect party discipline (which runs somewhat counter to the proposition that stronger parties contribute to greater responsiveness in government). State parties would sustain the most damage from the effects of a soft-money ban. Here they dispute Magleby and Smith’s claim that nonfederal (state) money is almost exclusively used for media blitzes.
Money given to state and local parties, they claim, is under the state, not national, party’s discretion and is used largely for party-building purposes; as such, cutting it would significantly lower voter turnout.

**Evidence.** The national parties put substantial amounts of money into the Missouri 2002 Senate race, though not in equal amounts. According to Political Money Line, the Republican National Party spent $171,850 and the Democratic National Party $16,500 in “nonfederal” funds. This favors Talent, of course, but apparently the DNC understood that Carnahan’s campaign had plenty of funds. According to the FEC, Carnahan transferred $782,000 back to the national party in soft money.

Soft money and other party resources can be spent on radio or TV issue advocacy (the “air war”), which attacks or defends a candidate for federal office without expressly advocating the election or defeat of that candidate. Issue advocacy is distinguished from what is called express advocacy by the Buckley test. In *Buckley v. Valeo* (1976), the Supreme Court determined that Congress could limit expenditures on advertisements that expressly advocated the election or defeat of a candidate for federal office. The so-called “magic words” test from this case opinion defines an advertisement as express if it contains words such as “vote for or against,” “elect,” or “defeat.” If it does not contain such terms, an advertisement is defined as issue advocacy. These advertisements are not qualitatively different than express advertisements (Baker and Magleby 2002, 54) but avoid regulation by using phrases like “call candidate x and tell him or her what a great or lousy job he or she is doing” or “let candidate x know how much you care about issue y.” These types are sometimes referred to as “sham” or “electioneering” advertisements. Soft money can also be put into party building, GOTV drives, and direct mailings (the “ground war”). According to Kropf et al. (2003), the air war was basically a wash: the Democrats spent $2,718,344 on television and $217,757 on radio; the Republicans spent $2,561,385 and $146,950, respectively (2).

The ground war involved, according to Kropf et al., “unprecedented direct mail programs” totaling nine million pieces and costing $4 million (4). This portion of the ground war for Talent targeted women. To narrow the gender gap, most mailers addressed women’s concerns on various issues from health care to education. There were also a number of visits by nationally prominent Republican women such as Laura Bush and Janet Ashcroft (3). Mailers were also sent defending Talent’s issue stances from Democratic attacks (4). The ground war for Carnahan focused on her voting record and her stance on issues such as defense and the economy and targeted traditional Democratic supporters such as labor unions and blacks (3, 4).

Both parties also invested heavily in getting citizens out to vote. Using past voting records, volunteer public gatherings, phone calls, and door-to-door visits, the Democrats targeted those of their party most likely to vote. The day of the election, volunteers staked out the polls and drove about in volunteered cabs, reminding the party faithful to get to the ballot box (4–5). The Republicans are not historically successful at getting out the vote, especially since they do not traditionally have much support in large cities. Because they did not have enough volunteers, the Republicans ended up hiring staff to work
contacting loyal party members by any means possible (5). A couple of visits in late October and early November by President Bush probably helped out as well (5).

According to recent estimates, the Democratic Senatorial Campaign Committee (DSCC) transferred about $2.9 million in hard money and $5.8 million in soft money for a total of $8.6 million to the Missouri state Democratic Party for use in the campaign; the National Republican Senatorial Committee (NRSC) transferred $2.2 million in hard and $5.6 million in soft money to their state party for a total of $7.7 million (though reports indicate it was closer to $8.1 million; Magleby and Monson 2004, 47). It seems that each party either canceled out the other's spending in both soft and hard money or just matched the other's spending for the sake of not falling behind. Andy Grossman of the DSCC recently commented at the National Press Club that a lot of his party's spending in Missouri was "absurd.... It was a waste of money. We did it because [the Republicans] did it. We had to respond" (Magleby and Monson 2003, 28). The Republican Party did not "buy" the election. Could special interest groups have made the difference?

### Did Special Interests Buy the Election?

**Theory:** Many reformers target special interest groups in addition to candidates and parties, believing that interest-group money reflects the narrow preferences of an elite few. Baker and Magleby (2002) study the impact of interest group activity on the 2000 elections, guiding their work with Madison's analysis of factions in *Federalist* No. 10. Is the large republic theory of pluralist competition enough to control modern factions? Interest groups work mostly through soft money contributions and issue advocacy. A concern for candidates is that even groups that support them can influence the direction of their campaign and force them to change their strategy. Baker and Magleby believe that no reform will be meaningful unless it challenges independent sham issue ads and changes disclosure requirements, thereby limiting the undue influence of special interests (72–73). They believe reform is necessary and that competition is not sufficient to control interest groups in campaigns.

Schneider (2002) takes a similar view of interest groups. His argument in a nutshell is as follows:

\[
\begin{align*}
X & \text{ is good: Americans like } X. \\
\text{Special interests } Y, Z & \text{ are against } X. \\
Y & \text{ and } Z \text{ support the two political parties. } \\
\text{Therefore, contrary to the preferences of most Americans, the parties do not support } X. \\
\text{Solution: eliminate } Y, Z \text{ influence in the Democratic Party, and at least one party will be responsive to the people and pass } X.
\end{align*}
\]

According to this view, interest groups merely represent the narrow interests of a select few that seek their own benefit at the expense of the average voter. Clawson et al. (1998) agree and assert that corruption persists in the system even among those interest groups that
follow the rules. They equate contributions to a candidate with gifts subject to the "norm of reciprocity"—a feeling of obligation to return favors or gifts for favors or gifts received (34). If nothing else, contributions limit the uncertainty that a given representative will vote or act on a certain issue important to the donor. They divide corporate donors into two broad categories: pragmatic and ideological. The former aim to achieve short-term, specific goals, and the latter are more concerned with the ideological composition of a given branch of the government. They assert that "better than 80 percent are pragmatic, given patterns in PAC donations" (39). They conclude that donations are given primarily to establish personal connections, to grant access, and to promote a feeling of obligation in the donee.

Others disagree with the assertions above and instead argue that interest groups promote rather than limit citizen participation and represent broad rather than narrow interests. James Bopp, lead counsel for National Right to Life, asserts that they are the best, if not the only, form of participation through which the citizen of "average means" can influence the political process. Besides, interest groups do not seek "undue" influence because they seek only to support those who already share their beliefs (2003). This is a view of interest groups more in line with Bauer et al.'s (1963) assertion, which says that interest groups act more like "service bureaus" than pressure groups. Bauer concludes that lobbyists spend most of their time working with political friends rather than enemies and therefore miss out on opportunities to sway those in the middle (350). In a study of late 1950s and early 1960s trade legislation, rather than out-and-out corruption, he finds in these instances that interest groups often work as "service bureaus" in that they give logistical and informational support to those that further their causes and spread the word about legislation to the general public. Though Bauer does not dismiss entirely their ability to exert pressure, he disagrees that it is their primary focus. Instead, each group seeks to help out its friends (which for purposes of this essay includes election efforts as well as support once they are in office), and since there are often groups lined up on both sides of an issue, the result is a stalemate (398).

Evidence. Another list from PoliticalMoneyLine (2003), though it varies in money totals and sources, contains essentially the same players. An examination of the two lists shows that the supporting interest groups line up predictably for each candidate—business, finance, and pro-life groups for the Republican and lawyers, labor, and pro-choice groups for the Democrat. The biggest interest group donors for both candidates were those that had an electoral motive—the candidates' political friends. This confirms the more pluralist view of parties put forth by Bopp and Bauer et al. above. In addition to the campaign contributions listed above, interest groups also engaged in the air and ground wars. Labor unions expended great resources in attempts to mobilize about 600,000 voters for Carnahan (Kropf et al. 2003, 5). Issue groups on both sides of the abortion debate, senior groups, business groups, and environmental groups sent out mailers in behalf of their preferred candidate (7).

Direct contributions are not the only way for interest groups to participate, however. They may also spend money on issue advocacy. According to nationaljournal.com (2003),
Table 3 Top Fifteen Hard Money Contributors to Talent and Carnahan.

<table>
<thead>
<tr>
<th>TALENT:</th>
<th>CARNAHAN:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance, Insurance, Real Estate</td>
<td>Lawyers, lobbyists ($1,222,954)</td>
</tr>
<tr>
<td>Business ($916,819)</td>
<td>Lawyers, firms ($1,088,601)</td>
</tr>
<tr>
<td>Miscellaneous ($738,769)</td>
<td>Ideology, Single Issue (Pro-abortion)</td>
</tr>
<tr>
<td>Ideology, Single Issue (Pro-life) ($561,639)</td>
<td>($1,795,371)</td>
</tr>
<tr>
<td>Health ($546,281)</td>
<td>Miscellaneous ($810,679)</td>
</tr>
<tr>
<td>Construction ($386,745)</td>
<td>Finance, Insurance ($670,175)</td>
</tr>
<tr>
<td>Agribusiness ($350,957)</td>
<td>Labor ($464,650)</td>
</tr>
<tr>
<td>Health Professionals ($318,248)</td>
<td>Communications, Electronics ($417,289)</td>
</tr>
<tr>
<td>Energy, Natural Resources ($304,857)</td>
<td>Health ($374,690)</td>
</tr>
<tr>
<td>Insurance ($205,266)</td>
<td>Health Professionals ($208,000)</td>
</tr>
<tr>
<td>Commercial Banking ($141,427)</td>
<td>Entertainment ($188,714)</td>
</tr>
<tr>
<td>Oil, Gas ($130,950)</td>
<td>Education ($151,800)</td>
</tr>
<tr>
<td>Pharmaceuticals ($114,300)</td>
<td>Lobbyists ($134,353)</td>
</tr>
<tr>
<td>Accountants ($66,050)</td>
<td>Telephone, Utilities ($75,600)</td>
</tr>
<tr>
<td>Gun Rights ($21,000)</td>
<td>Computers, Internet ($68,345)</td>
</tr>
<tr>
<td></td>
<td>Gun Control ($10,300)</td>
</tr>
</tbody>
</table>


the Sierra Club and anti-abortion groups weighed in for Carnahan, and seniors' groups advocating tax cuts favored Talent. A number of groups, whose composition is so similar to those listed above as to render a separate listing unnecessary, also engaged in independent expenditures. Independent expenditures must be disclosed but do not count against contribution limits. Magleby and Beal (2002) assert that interest groups "now exploit all the means of communication open to them" in attempts to influence elections, including those at issue here (93). Though independent expenditures are far surpassed by soft money (and hard money for that matter), the authors assert that independent expenditures can significantly affect election outcomes—the more a candidate has, the greater chance he or she has to win. According to PoliticalMoneyLine, $656,707 was spent for Carnahan or against Talent, and $494,501 was spent for Talent or against Carnahan (2003). Magleby and Beal are wrong in this particular case. The money spent on behalf of the winner was substantially less than that spent for the loser, which occurrence indicates that spending was not effective. Kropf et al. (2003) estimate that advertisement spending from interest groups for Talent or against Carnahan ($456,000) was significantly less than those for Carnahan or against Talent ($718,000) (17). Carnahan had the edge again and still did not win. Overall, there was a lot of money and effort spent by interest groups on both sides in a number of ways, but it did not seem to make much of a difference.
RESULTS AND SUMMARY

It is impossible to run for federal office in the United States without a great deal of money, especially if the race is extremely competitive, as it was in Missouri in 2002. But big spending by no means guarantees a victory. Carnahan, Talent, the Democratic Party, the Republican Party, and a myriad of interest groups on both sides raised and spent incredible sums, but each side canceled the other out in each case. Candidate spending seemed to reach a point of little-to-no marginal returns, if it had an effect at all. Perhaps it is the case that presidential popularity and personal campaigning tipped the scales for Talent (Kropf et al. 2003, 10), or the Republicans were better able to get out the vote; whatever it was, it does not seem to have been money.

COUNTERFAC TUAL ANALYSIS AND NORMATIVE CONCERNS: WHAT WOULD HAPPEN IF THIS ELECTION HAD BEEN RUN UNDER . . . ?

Campaign finance laws have changed since the 2002 election cycle, and a number of reforms are possible in the future. To determine the possible effect of these reforms on the 2002 Missouri Senate race, I will perform some counterfactual analysis and address the normative implications of three proposed regimes: full public financing, a completely open system, and the Bipartisan Campaign Reform Act (BCRA) with all restrictions upheld by the Supreme Court.

Full Public Financing. Schneider (2002) proposes a system of full public financing for elections, alleging that such a system would minimize corruption and make representatives more responsible to constituents. What would have been different in the 2002 Missouri Senate race had it been run under a fully public-financed regime? The parties seem to have chosen their respective candidates long before the primary, so there would have been no difference there. Candidate spending would have been completely equal (assuming Carnahan and Talent each spent all they received). Given the preceding results, spending cancelled out anyway, and since Talent was already well known statewide, he would have not gained an advantage from such spending limits. The parties and interest groups would have adjusted their strategies to fit whatever limits the system imposed. If, for example, any media relating directly or indirectly to the race had been outlawed within a couple of months of the election, they would have concentrated their efforts on the latest date possible. If those avenues were not available at all, then they would focus so entirely on newspapers, magazines, and so forth, that even the most strict campaign finance systems would not be able to limit, even with a narrow interpretation of the First Amendment. Perhaps the media would then resemble nineteenth-century American media, which was considerably more partisan. It could also be that such a regime would force parties to focus more on mobilization and party building. The candidates would also have exercised greater control over their campaign messages. Given the closeness of the race, however, the outcome would not likely have changed, because it depended on non-monetary factors.

A number of concerns arise even though the result would most likely have been the same under such a regime and would have had the added benefits of controlling for
corruption as well as the appearance of corruption. For example, the First Amendment freedoms of petition and speech could be at risk. If individuals and groups did not have the right to air concerns about policies and candidates that could have any discernable impact (whether direct or indirect) on federal elections, then that would raise serious concerns about free participation in a democracy. Also, such a system could actually increase the potential for corruption. If interested money will always flow into the system, then bribery and graft could increase as a result of full public financing (Smith 2001, 194). Finally, since freedom of the press is still protected under this system, power would be more concentrated in the hands of media elites, lessening the avenues for participation by “citizens of average means” (Smith 2001, 197–98; Bopp 2003).

A Completely Open System. Smith (2001) proposes the polar opposite of Schneider. His solution is to open the floodgates and allow the money to flow where it may, only requiring full disclosure from all groups and individuals. Smith argues that campaign finance laws merely change the ways that parties, candidates, and interest groups spend their money. This idea that money will flow into politics regardless of regulation was confirmed in the Supreme Court’s recent ruling on McConnell v. FEC (2003). An open regime might actually increase the amount of control that candidates could exercise over their own campaigns in that they could coordinate more with those who agree with them and plan a broader strategy than is now possible. Such a system would not likely have changed the outcome of the 2002 Missouri Senate race, but it would have perhaps benefited it by promoting more participation and decreasing the complexity of the current system, thereby increasing competitiveness by making it possible for candidates to enter the fray without a team of legal and accountancy experts to keep track of all the subtleties of current laws. A drawback of such a system is the possible institutionalization of perceived corruption, which institutionalization could further decrease trust and participation in the system (Schneider 2002).

BCRA 2002 with All Restrictions Upheld. In 2002, Congress passed the Bipartisan Campaign Reform Act, which is the latest amendment to existing campaign finance law. Other than raising contribution limits (from $1000 to $2000 per election cycle), its major focus is to address soft money and issue advocacy. Under the act, soft money will be banned entirely and issue advocacy will be more limited both by stricter definition of it and stricter regulation of the time before an election during which they could be run (thirty days before the primary, sixty days before the general election). If these restrictions were to have applied to the 2002 Missouri Senate race, what would have been different? First, the air war would have been conducted quite differently by the parties and interest groups, in that it would have been more limited. Any advertisements mentioning the names of candidates at all would have to be run a month or two before the primary and general elections. Also, most of the campaign advertisements were “electioneering” in nature, in that they did not fall under the hard money requirements because they did not expressly advocate the election or defeat of a candidate. Perhaps they would have focused more on the ground war in news editorials, direct mailings, and telephone campaigns. Expenditures by the parties would have been more focused on party building activities and
getting out the vote (GOTV) drives, which most likely would have favored the Democrats, though it is unclear how much. Democrats traditionally outnumber Republicans in big cities, and voter mobilization efforts would have been easier in the large population centers of St. Louis and Kansas City. It is more difficult for Republicans to mobilize because their support comes largely from rural areas, and GOTV efforts are much less efficient in rural areas than in more populous ones. Since mobilization seems to have been key in this race, it could have tipped the scales in favor of Jean Carnahan, if under BCRA the Democrats would have spent more on such activities.

But the Democrats did not spare any expense to mobilize in 2002. Their GOTV efforts, according to Kropf et al., were “unprecedented” (2003, 5). They had poll checkers, poll runners, sandwich makers, volunteer cab drivers, callers, and “pull teams” that would search out those who had not voted yet (5). And the Republican’s efforts were equally impressive—when they came up short on volunteers, they hired to fill the gap (5). Therefore, though the paths that the money took would have been different under BCRA, it would not have changed the outcome of the election. This conclusion is in line with research by Flowers et al. (2003) that even if all voters would have turned out on election day, the result would have been the same.

Implications for Campaign Finance in General. Ultimately, the desirability of campaign finance reform depends upon an individual’s value judgments. What is more important, freedom or equality? If equality, then government would seem to have a role in “leveling the playing field” to encourage and allow for broad participation in elections; if freedom, then government should largely step out of the way and let the chips fall. The former, ironically, could actually hurt broad participation by limiting the scope and means of participation available, but could also increase accountability by reducing the influence of money in elections. Even then, would the perceived corruption merely shift more to the lawmaking process? The latter would allow a wider range of options for participation, but could increase the perception of corruption in elections unless stringent disclosure requirements were put in place.

For the author, the results of this case study have definite normative implications. It does not seem that money has a corrupting influence in elections, and since regulation often implies restrictions on speech, then BCRA and other reforms would seem not only to be ineffective but also damaging. It seems that limits on soft money, issue advocacy, expenditures, and the like would have merely changed the avenues that money would have taken, not its influence. Though it is conceded that soft money limits could have impacted the outcome in Missouri, is it right to systematically favor Democrats by limiting such expenditures? Ideology would certainly affect the answer to that, but if we seek a system that promotes competition and participation while controlling for corruption, more regulation does not seem to be the answer, and the current system most likely will not “fix” much at all while it will unnecessarily infringe on First Amendment rights to political speech when they matter the most.
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